



**DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-33
April 8, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Missouri Veterans Commission, St. Louis Veterans' Home.

The Assistance League is a not-for-profit organization which actively seeks monetary donations throughout the St. Louis area to benefit residents of the St. Louis Veterans' Home. Donations, as well as proceeds from canteen and vending machines, are collected daily. The Assistance League does not monitor canteen operations by periodically calculating the net profit or loss of the canteen. The Assistance League also does not have a formal bidding policy and bids were either not solicited or bid documentation was not retained for some purchases. In addition, proper authorization was not documented for some items purchased, including a television, radios, and carpet installation.

Some state paid employees at the facility spend up to 80 percent of their workweek performing job duties for the Assistance League, including collecting donations, scheduling volunteers to work in the canteen, maintaining and accounting for the canteen's inventory, and providing tours of the Veterans' Home to organizations that contribute to the league. The salary of each employee varies but the estimated annual cost associated with the duties performed by the three state employees to accomplish the assistance league duties is approximately \$42,000. Allowing state paid employees to perform duties associated with the Assistance League, a not-for-profit organization, appears to be a violation of the Missouri Constitution.

The facility receives money on behalf of residents from various resources and deposits it into the Residents' Cash Fund account. These monies are used for residents' monthly payments for room and board. Personal spending money of the residents can also be deposited into this account. Prenumbered receipt slips are not issued for some monies received. A cash count disclosed cash on hand totaling approximately \$139,800 for the residents' account which indicated a need for more timely deposits. In addition, the facility has not established procedures to follow up on checks that are outstanding for a considerable length of time. Some checks had been outstanding for as long as seven years.

Also included in the audit are recommendations related to state-owned vehicles, cellular telephone policies, payroll policies and procedures, and fixed assets.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Charles R. Jackson, Director
Department of Public Safety
and
Missouri Veterans Commission
and
Eric Endsley, Acting Administrator
St. Louis Veterans' Home
St. Louis, MO 63136

We have audited the Department of Public Safety, Missouri Veterans Commission, St. Louis Veterans' Home. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and facility policy.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the St. Louis Veterans' Home.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent procedures and documents, and interviewed facility personnel.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the St. Louis Veterans' Home.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Missouri Veterans Commission, St. Louis Veterans' Home.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 23, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Personnel Issues

Some state paid employees at the facility spend up to 80 percent of their workweek performing job duties for the Assistance League, a not-for-profit organization that raises private funds to benefit residents of the St. Louis Veterans' Home. One state-paid employee estimated approximately 80 percent of their workweek is spent performing various duties which include catering to private donors of the not-for-profit organization. Other duties of the employee include collecting all donations received at the Veterans' Home, scheduling volunteers to work in the not-for-profit's canteen, maintaining and accounting for the canteen's inventory, and providing tours of the Veterans' Home to outside organizations that contribute to the not-for-profit entity.

In addition, two other state-paid employees estimate they spent about 40 percent of their workweeks performing accounting functions related to the not-for-profit organization. One of these employees is appointed to the organization's executive committee as the assistant treasurer.

The salary of each employee varies but the estimated annual cost associated with the duties performed by the three state employees to accomplish the assistance league duties is approximately \$42,000.

Allowing state paid employees to perform duties associated with the Assistance League appears to be a violation of Article III, Sections 38 and 39 of the Missouri Constitution, which prohibits state agencies from making donations to not-for-profit corporations.

WE RECOMMEND the facility establish procedures to track the time state-paid employees spend performing Assistance League job duties and recoup the cost associated with these duties from the Assistance League. These funds should be deposited into the Missouri Veterans' Homes Fund.

AUDITEE'S RESPONSE

Because of the nature of the duties of the Supervisor of Volunteer Services, it is difficult to distinguish between time spent on activities that benefit the Assistance League versus activities that benefit only the home. The State of Missouri, Office of Administration, Division of Personnel, job description for the Supervisor of Volunteer Services provides examples of work for this position, including, but not limited to, the following:

1. *Confers with department heads with regard to specific needs for volunteers,*
2. *Plans and conducts recruitment campaigns to stimulate interest in the program and attract suitable candidates; interprets program philosophy and objectives to lay organizations and professional groups,*
3. *Interviews applicants to determine aptitudes, interests, abilities, skills, and other qualifications; classifies applicants according to qualifications, time available for duty, and other characteristics,*
4. *Plans, develops and coordinates an information and public relations program to acquaint the community and organizations in the community with facility and agency program objectives and accomplishments,*
5. *Conducts tours of the facility for interested individuals and groups and interprets programs and services provided,*
6. *Receives requests for volunteer services and makes referrals of available volunteers to department heads on the basis of qualifications,*
7. *Arranges periodic reassignment of volunteers to sustain interest and to utilize abilities; meets with volunteers to discuss individual problems that relate to their assignment,*
8. *Compiles and maintains records of placements and working hours, prepares reports on activities and performance of volunteers, and*
9. *Develops and maintains working relationships with community organizations and the news media.*

The Supervisor of Volunteer Services conducts tours of the St. Louis Veterans' Home to interested individuals and organizations. These individuals or organizations could have a number of reasons for requesting a tour. They may have a family member who is interested in applying to the home to be a resident. They could also have a community interest in the home, which could result in volunteer hours for the home. In fiscal year 2002, the number of volunteer hours provided to the St. Louis Veterans' Home was 25,714, which was a direct benefit to the residents of the home. Also, the Missouri Veterans Commission administers the Veterans Trust Fund, a state fund that accepts donations. The tours could also result in increased contributions to this state fund.

Volunteers staff the canteen located in the veterans' home. Having the Supervisor of Volunteer Services maintain the canteen's inventory ensures continuity in the personnel who account for this important function.

Finally, Section 42.007.5(5), RSMo., states the Missouri Veterans Commission shall "Arrange for and accept through such mutual arrangements as may be made, the volunteer services,

equipment, facilities, properties, supplies, funds and personnel of all federal, welfare, civic and service organizations, and other organized groups and individuals which are in furtherance of the purposes of section 42.002 to 42.140.”

Regarding the accounting functions related to the not-for-profit organization, the Missouri Veterans Commission (MVC) will coordinate a commission-wide task force to explore options for performing these functions. The MVC will consult with the Attorney General’s Office in this process.

2. Resident Account Procedures

The facility receives money on behalf of residents from various resources (e.g., social security, pensions, etc.) and deposits it into the Residents' Cash Fund (RCF) account. These monies are used for residents' monthly payments for room and board. Personal spending money of the residents can also be deposited into this account. Nominal amounts of cash can be obtained from the facility's cashier and deducted from this account. A review of this account noted the following concerns:

- A. Prenumbered receipt slips are not issued for some monies received. Receipt slips are issued only upon request. Issuing and accounting for the numerical sequence of prenumbered receipt slips provides assurance that all monies received have been accounted for and properly recorded.

This condition was also noted in our prior report.

- B. Receipts are not deposited on a timely basis. Deposits are made approximately twice a month. A cash count conducted on August 8, 2002, disclosed cash on hand totaling approximately \$139,800 for the residents' account.

To adequately safeguard receipts and to reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. The facility has not established procedures to follow up on checks that are outstanding for a considerable length of time. At June 30, 2002, checks totaling approximately \$1,600 had been outstanding for more than one year. Some checks had been outstanding for as long as seven years.

The facility should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

WE RECOMMEND the facility:

- A. Issue prenumbered receipt slips for all monies received and account for their numerical sequence.
- B. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- C. Establish procedures to routinely follow up on old outstanding checks and reissue them if payees can be located. If payees cannot be located, the monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

- A. *Effective in August, 2002, prenumbered receipt slips for all monies received are being used by the Home.*
- B. *Effective September 12, 2002, the Home implemented weekly deposits of accumulated receipts; effective March 3, 2003, the Home will deposit accumulated receipts of \$100 or greater daily, or as practicable.*
- C. *Effective January 23, 2003, the Home will establish policies and procedures to routinely follow up on old outstanding checks and reissue them if payees can be located. If payees cannot be located, the monies will be disposed of in accordance with state law.*

In addition, the Missouri Veterans Commission is drafting a policy for all of the Missouri Veterans Homes to follow which will address issuing prenumbered receipt slips, daily deposits, and following up on outstanding checks.

3. State-Owned Vehicles

The facility has approximately eight state-owned vehicles that are primarily used to transport clients. When employees use a vehicle, they obtain a binder that contains the vehicle key, usage log, and credit card. The usage log provides a document used to record the date, operator, starting and ending odometer reading, total miles driven, destination, the amount and cost of fuel purchased, and miscellaneous notes.

- A. Vehicles appear to be underutilized. During the year ended June 30, 2002, two of the five state-owned vehicles (three of the facility's vehicles are exempt from mileage requirements) used by the facility were driven less than 5,000 miles. Low mileage can often indicate that a facility has too many vehicles or is not using them efficiently. Based on this underutilization, it appears that the facility should consider reducing the size of its vehicle fleet.
- B. Vehicle usage logs were incomplete and some credit card receipts for fuel purchases were not submitted to the accounts payable clerk as required.

- 1) Operators failed to document the amount and cost of fuel purchased during a trip, the number of miles driven, the destination, or did not post any information to the log for their trip. Adequate vehicle records are necessary to ensure state vehicles are properly used for business purposes.
- 2) Employees failed to submit credit card receipts to the accounts payable clerk, thus credit card receipts could not be reconciled to the credit card invoice before payment was made. Since employees are also not properly completing the vehicle usage log, accounting personnel cannot go to the log and investigate the whereabouts of the missing receipts or review the reasonableness of the purchases. As a result, personnel cannot be assured that credit cards are only used for reasonable and proper purchases.
- 3) Reports submitted to the Veterans Commission were compiled with inaccurate data. Our review of vehicle binders noted that the credit cards for Bus #2 and Bus #3 were transposed, resulting in approximately \$220 in fuel charges being reported for Bus #2 while actual miles driven total only 532. During the same period, Bus #3 reported \$120 in fuel charges but recorded 1,726 miles driven. There was no documentation to indicate anyone had noted these unusual items.

It appears from the above examples that management is not adequately reviewing reports and reconciliations being prepared. Proper review of the mileage reports submitted to the Veterans Commission and reconciliations performed on credit card fuel purchases would have resulted in someone investigating the discrepancies noted.

WE RECOMMEND the facility:

- A. Evaluate the need for each vehicle and ensure each vehicle is effectively utilized.
- B. Ensure vehicle usage logs are accurately completed, credit card receipts are properly submitted, and reports and reconciliations are reviewed and any discrepancies investigated promptly.

AUDITEE'S RESPONSE

- A. *The Home has evaluated the need for each vehicle and agrees that according to the state's mileage requirements two minivans are underutilized. In Fiscal Year 2004, the St. Louis Veterans' Home will expand by 100 beds. During this expansion, the Home and the Commission will review vehicle mileage at the St. Louis Veterans Home to ensure appropriate utilization of the fleet and to consider reallocation of one or more of the vehicles to another veterans' home if they are still underutilized.*
- B. *Effective March 27, 2003, the Home will implement policies and procedures to ensure that vehicle usage logs are accurately completed, credit card receipts are properly*

submitted, and reports and reconciliations are reviewed. The home's accountant will ensure that any discrepancies are investigated properly.

4. Fixed Asset and Property Procedures

During our review of the facility's fixed asset and property procedures we noted the following concerns:

- A. Documentation was not maintained of the physical count of fixed assets which facility personnel indicated was performed. To ensure the accuracy of the master fixed asset listing, a physical inventory of all fixed assets should be conducted and reconciled to the master fixed asset listing on an annual basis, as required by state regulation 15 CSR 40-2.031. Documentation of the physical inventory should be retained.

Annual physical inventories are necessary to establish proper accountability over fixed assets. Documentation of the physical inventory should be retained to show compliance with the state regulations.

A similar condition was also noted in our prior report.

- B. The fixed asset listing does not adequately reflect the location of fixed assets and is not always updated when assets are disposed of, checked out, or moved to different locations. Items that could not be located during a review of the fixed assets included a television, a computer workstation, a multimedia projector, and a laptop computer. These items were later located; however, the facility did not have sufficient documentation to track the items' current locations.

The failure to properly document the current location of items checked out or moved reduces the control and accountability over fixed assets and increases the potential for loss, theft, or misuse of assets.

WE RECOMMEND the facility:

- A. Retain documentation that a physical count of fixed assets has been performed and reconciled to the master fixed asset listing on an annual basis.
- B. Ensure the location of all fixed assets is updated on the master index in a timely manner.

AUDITEE'S RESPONSE

- A. *The physical count of fixed assets is reconciled to the master list of fixed assets annually. Complete documentation of the physical count will be maintained at the Home beginning in fiscal year 2003.*
- B. *Effective March 7, 2003, the Home will ensure that all fixed assets are accurately accounted for in the fixed asset master index. The Home will also ensure that all fixed assets continue to be updated on the master index in a timely fashion.*

5. Payroll Policies and Procedures

- A. The facility does not have a policy regarding the employment and supervision of related parties. While acting in the capacity of facility administrator, the assistant administrator approved changes to her husband's timesheet (who was the facility's computer technician). Supervisors should be independent of the employees they are responsible for to ensure fairness to all employees.

A formal policy should be established to address the employment and supervision of related parties.

- B. The facility administrator and assistant administrator do not use the automated time clock as required. The Missouri Veterans' Home Administrative Policy Manual, Section B-30, indicates all employees are assigned an employee card to be used to clock in when reporting for duty and clock out when leaving each day. A computerized timesheet is compiled from the cards' usage and used for payroll purposes and accounting for annual, sick, and compensatory leave balances. Time for these administrators is automatically posted by the computer and manual corrections are done when a change is needed.

The usage of time cards reduce the risk of errors going undetected. Timesheets are necessary to document hours actually worked and to substantiate payroll expenditures. Timesheets also provide documentation of leave used to maintain accurate leave records.

- C. Employees earning compensatory time do not obtain prior approval, as required by the administrative policy manual. Currently, if an employee clocks in or out eight minutes before or after their scheduled time, that employee earns fifteen minutes of compensatory time without any supervisory approval. Section B-20 of the MVH Administrative Policy Manual indicates overtime shall be worked only at the request and approval of a supervisor and shall be documented on a leave slip.

Proper approval of a supervisor and adequate documentation of that approval is necessary to reduce the risk of abuse and to comply with current policies.

WE RECOMMEND the facility:

- A. Establish and adopt a written related party policy.
- B. Ensure all employees utilize the automated time clock as required.
- C. Ensure authorization for compensatory time is documented as required.

AUDITEE'S RESPONSE

- A. *The Missouri Veterans Commission has a draft of a written related party policy. The MVC will ensure that this policy will become effective by May 31, 2003.*
- B. *The Missouri Veterans Commission has not required in practice that the Missouri Veterans' Homes' Administrators, Assistant Administrators and Directors of Nursing Services clock in and out. These positions are classified as exempt, travel, work varied schedules and are on call at various times. The Missouri Veterans Home Administrative Policy Manual, Section B-30, will be adjusted to reflect the current practice of these positions not clocking in or out for their designated shifts.*
- C. *The Missouri Veterans Home Administrative Policy Manual, Section B-20, will be adjusted to allow the electronic timekeeping system to track supervisor approval of overtime hours worked, rather than the paper leave slips.*

6. Cellular Telephone Policy

The facility has not developed procedures to ensure charges incurred for personal calls are reimbursed by the employee. Facility personnel indicated they adopted the cellular telephone policy suggested by the Office of Administration (OA). The OA policy indicates cellular telephones are intended for emergency or work-related communications and that personal calls should be infrequent and kept to a minimum length. In addition, the policy indicates all personal calls should be identified and paid by the employee. Facility personnel indicated staff were to reimburse the facility for personal calls; however, the last reimbursement was received in August 2000. During our review, we noted several staff had used the cellular telephones to call family members, often resulting in additional costs to the facility. No reimbursements were made to the facility for these calls.

Policies are adopted to reduce the risk of improper use and loss of goods and services. Effective and thorough reviews of telephone charges are necessary to control costs and to eliminate waste and inappropriate use of state funds.

WE RECOMMEND the facility fully comply with the OA's cellular telephone policy. Particular emphasis should be given to ensuring that telephone charges and usage are effectively and thoroughly reviewed.

AUDITEE'S RESPONSE

We are taking action to ensure compliance with the statewide policy on cell phone usage, which became effective in January 2002.

7. Assistance League Accounting Procedures

As noted above, the Assistance League is a not-for-profit organization that raises private funds to benefit residents of the St. Louis Veterans' Home. Because of the fiscal and managerial responsibilities that state employees have assumed for the Assistance League, we reviewed certain accounting procedures of the Assistance League and noted areas where improvements are needed.

A. The Assistance League actively seeks monetary donations throughout the St. Louis area which benefit residents of the Veterans' Home. Donations, as well as proceeds from canteen and vending machines, are collected daily. A cash count conducted on August 7, 2002, revealed the following concerns:

- 1) Prenumbered receipt slips are not issued for some monies received. Receipt slips are issued only upon request. Issuing and accounting for the numerical sequence of receipt slips provides assurance that all monies received have been accounted for and properly recorded.

This condition was also noted in our prior report.

- 2) Receipts are not deposited on a timely basis. Deposits are made approximately twice a month. Approximately \$3,100 in receipts were on hand when cash was counted. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.
- 3) Checks are not restrictively endorsed immediately upon receipt. To reduce the risk of loss or the misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

B. The Assistance League purchases items to sell through the canteen and vending machines, coordinates and pays for events and activities for residents, and purchases items for common areas located in the home. Our review of these purchases noted the following concerns:

- 1) The Assistance League does not have a formal bidding policy. During the two years ended June 30, 2002, bids were either not solicited or bid documentation was not retained in some instances. For example, evidence of bidding was not retained relating to league expenditures of \$4,500 for painting one of the units and \$5,610 for the installation of carpet.

Formal bidding procedures for purchases would provide a framework for economical management of league resources and help ensure the league receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the league's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why certain bids were awarded.

- 2) Proper authorization was not obtained for some items purchased. The Assistance League's by-laws indicate the facility administrator's approval is needed for purchases of \$500 or less, the chairman's approval is needed for purchases between \$501 and \$1,000, the executive board's approval is needed for purchases between \$1,001 and \$2,500, and the Assistance League's Board of Directors' approval is needed for all purchases over \$2,500. The following items purchased did not have the proper level of authorization:

Item Purchased	Amount	Approved by	Approval needed
Television	\$1,446	Administrator	Board Chairman
Radios for Residents	\$2,794	Administrator	Board of Directors
Carpet Installation	\$5,610	No Approval	Board of Directors

The Chairman of the Assistance League indicated verbal approval had been given for these purchases. Failure to obtain and properly document the proper level of authorization, as required by the Assistance League's by-laws, increases the possibility of inappropriate disbursements occurring and not being detected on a timely basis.

- 3) The league does not periodically calculate the net profit or loss of the canteen, nor do they maintain records of canteen inventory balances or perform physical counts of inventory items on hand.

To adequately monitor canteen operations and to reduce the risk of loss or misuse of funds or goods, the facility should determine the cost of goods sold and calculate the net profit or loss of the canteen. Any net losses or unusual fluctuations in net income should be investigated and any explanations should be documented.

This condition was also noted in our prior report.

- C. There is no segregation of duties to provide the necessary controls over the petty cash checking account. The Chairman of the Assistance League maintains the

records for this account, prepares and signs checks to purchase items and to replenish the fund, and performs the monthly bank reconciliation. The account is used mainly for postage and emergency supplies and is maintained on a perpetual basis with a balance of \$2,000.

A proper segregation of duties provides a means of establishing controls over assets, thus minimizing the risk of loss, theft, or misuse of funds. If the segregation of duties is not possible, at a minimum, there should be documented independent review of the petty cash accounting records. This review should include the bank reconciliations, reconciling recorded receipts to deposits, and propriety of disbursements. Failure to adequately segregate duties or provide a supervisory review increases the risk of improper use of monies and that errors or irregularities will not be detected in a timely manner.

WE RECOMMEND the Assistance League:

- A.1. Issue prenumbered receipt slips for all monies received.
 - 2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
 - 3. Restrictively endorse all checks immediately upon receipt.
- B.1. Establish formal bidding policies and procedures, including documentation requirements regarding bids or quotes received and justification for the bids awarded.
 - 2. Ensure the proper authorization for purchases is obtained as required.
 - 3. Maintain records of periodic inventory levels for the canteen and calculate a cost of goods sold to monitor the performance of the canteen and vending machines. All losses and any unusual fluctuations in performance levels should be fully investigated and any explanations should be documented.
- C. Provide for adequate segregation of duties for the petty cash account, or at a minimum, require independent documented reviews of petty cash accounting records.

AUDITEE'S RESPONSE

- A.1. *Effective January 3, 2003, prenumbered receipt slips have been implemented by the Assistance League.*
- 2. *Effective February 25, 2003, the Assistance League began depositing accumulated receipts of \$100 or greater daily, or as practicable.*

3. *Effective August 8, 2002, a rubber stamp has been used to restrictively endorse all checks as the Assistance League receives them.*

B.1

- &2. The Assistance League will discuss revising its by-laws and/or internal written policies or practices at its next scheduled board meeting to ensure documentation of the following is maintained: solicited bids or quotes for purchases when practicable, justification of the bid selected and proper authorization for purchases.*

Although authorization was provided for the purchases discussed in the audit finding, the authorization was verbal and provided by the appropriate Assistance League Officer, although it was not documented in the minutes. All such future approvals will be consistently integrated into the minutes. Additionally, minutes are tape recorded and preserved in the event that documentation may be lacking.

3. *A new cash register is being purchased by the Assistance League to aid in calculating the net profits of the canteen.*

- C. *The Assistance League Board will be reviewing at its next scheduled meeting the current practices related to the petty cash account and will determine what action they will take in response to the audit finding.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

In 1985, the Department of Public Safety and the Division of Veterans' Affairs began a search for a suitable site for a new state veterans' nursing home. In November 1986, St. Louis, Missouri, was announced as the selected site.

Application for a Federal Veterans' Administration construction grant to fund approximately 65 percent of the costs was approved on September 30, 1991. Construction of the St. Louis facility began on October 10, 1991, and on November 1, 1993, the first resident was admitted.

The nursing care facility provides care to Missouri veterans who are unable to support or adequately care for themselves. Residents of the home are provided room, board, medication, therapy, personal care, and recreation and religious activities. The cost of care is shared by the resident, based on ability to pay, the Federal Veterans' Administration, and the State of Missouri.

The St. Louis Home Assistance League, a not-for-profit corporation, was formed on April 25, 1990, to receive donations to be spent for the benefit of St. Louis Veterans' Home residents.

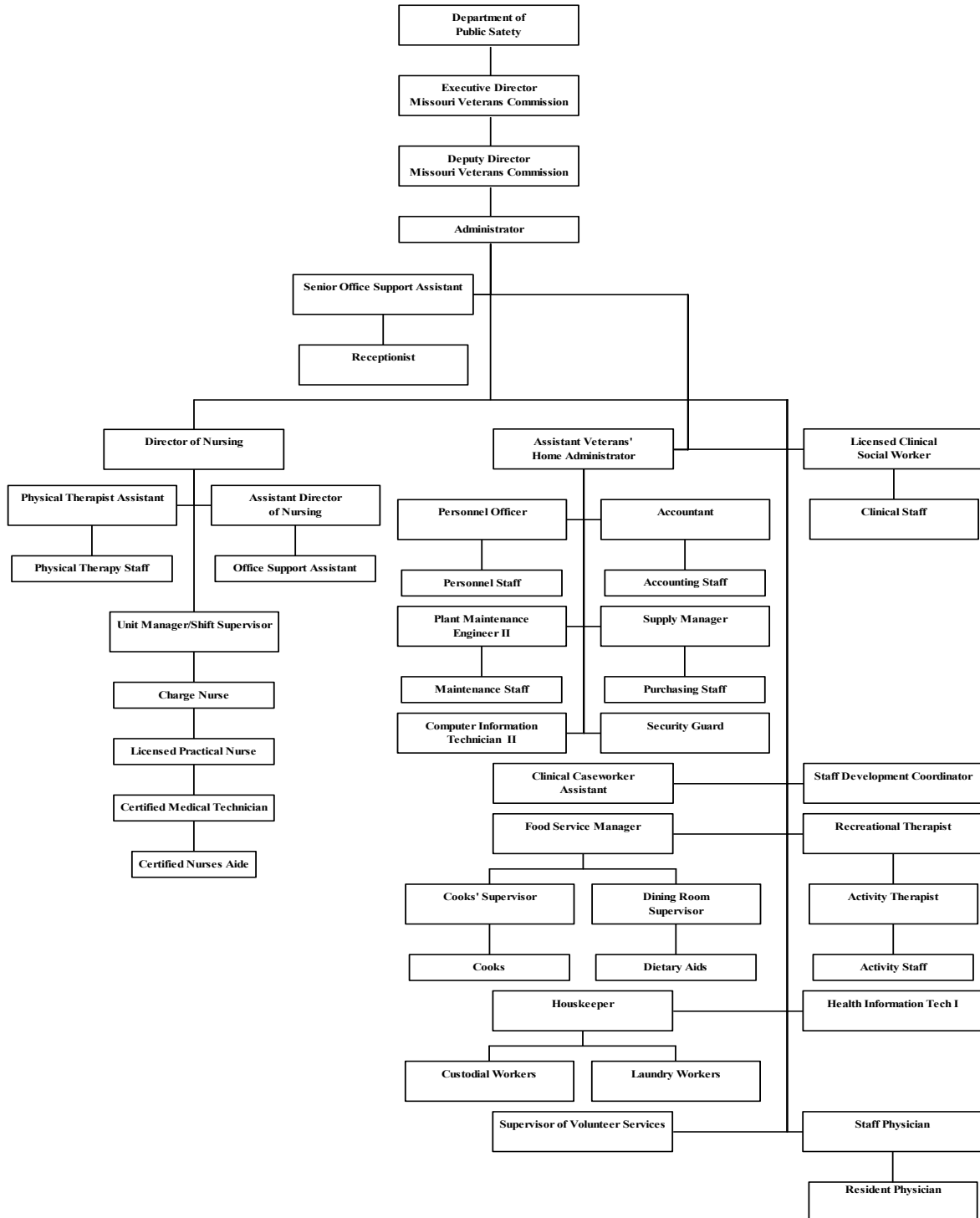
The Missouri Veterans Commission operates seven homes for veterans of the state. The homes are located in St. James, Mount Vernon, Mexico, Cape Girardeau, Cameron, Warrensburg and St. Louis. Members of the Missouri Veterans Commission, as of June 30, 2002, include:

<u>Members</u>	<u>Term Expires</u>
Carl H. Niewoehner, Chairman	November 2, 1997*
Donald Gralike, Vice-Chairman	November 2, 2003
Reginald L. Bassa	November 2, 2000*
Bernadette Miller	December 11, 2004
Emmett Fairfax	November 2, 2005

* Term has expired. Member continues to serve until a successor is appointed.

At June, 30, 2002, the St. Louis Veterans' Home had 196 full time employees and 35 part time employees. These employees were assigned to various administrative and service sections. Eric Endsley was appointed as Acting Administrator in February 2003 after the resignation of Paulette Wright who had served as Administrator since December 1999. An organization chart and statistical data follow:

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME
ORGANIZATION CHART
JUNE 30, 2002



DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME
STATISTICAL DATA

	Year Ended June 30,	
	2002	2001
RESIDENTS	176	190
OCCUPANCY		
Total number of beds	200	200
Average daily census	173	183
Bed occupancy percentage	87%	92%
RESIDENT COST		
Total resident costs	\$ 6,841,324	6,499,688
Total resident days	55,200	68,367
Average Daily Resident Cost	\$ 124	95

Appendix A

DEPARTMENT OF PUBLIC SAFETY MISSOURI VETERANS COMMISSION ST. LOUIS VETERANS' HOME COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2002	2001
Salaries & Wages	\$ 4,942,509	4,746,491
Travel:		
In-State	22,633	21,791
Out-Of-State	1,405	2,041
Fuel & Utilities	233,891	256,507
Supplies:	1,184,305	0
Administrative	0	55,948
Lab and medical	0	485,045
Repair, maintenance, and usage	0	79,711
Residential	0	469,232
Specific Use	0	5,851
Professional Development	17,049	20,336
Communication services and supplies	34,734	32,926
Services:		
Health	0	44,345
Business	0	34,917
Professional	66,214	21,029
Housekeeping and janitorial	17,693	21,941
Maintenance and repair	52,818	0
Equipment maintenance and repair	0	32,100
Transportation maintenance and repair	0	4,380
Equipment:		
Computer	38,066	15,523
Electronic and photo	0	3,624
Medical and laboratory	0	37,726
Motorized	7,150	25,215
Office	54,040	33,779
Other	129,331	0
Specific Use	0	19,224
Property & Improvements	12,005	0
Building Lease Payments	1,503	1,674
Equipment rental and leases:	22,420	0
Equipment lease payments	0	5,355
Building and equipment rentals	0	20,410
Miscellaneous Expenses	3,557	2,569
	\$ 6,841,324	6,499,688

Note: Certain classifications of expenditures changed during the two-year period, which may affect the comparability of the amounts.

Appendix B

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME
MISSOURI VETERANS' HOME FUND
COMPARATIVE STATEMENT OF RECEIPTS

		Year Ended June 30,	
		2002	2001
Payments from Veterans	\$	2,607,085	2,679,155
Veterans Administration Per Diem		3,492,688	3,503,797
Other		10,222	15,891
Total Receipts	\$	6,109,995	6,198,843

Appendix C

DEPARTMENT OF PUBLIC SAFETY
 MISSOURI VETERANS COMMISSION
 ST. LOUIS VETERANS' HOME
 AUXILIARY FUNDS
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH AND CASH EQUIVALENTS

	Year Ended June 30,			
	2002		2001	
	Residents Fund	Assistance League Fund	Residents Fund	Assistance League Fund
RECEIPTS				
Residents' deposits	\$ 3,004,628	0	3,171,028	0
Donations/sales from Canteen	0	203,417	0	399,940
Total Receipts	<u>3,004,628</u>	<u>203,417</u>	<u>3,171,028</u>	<u>399,940</u>
DISBURSEMENTS				
Resident's withdraws	2,990,707	0	3,178,440	0
Cost of goods sold	0	55,015	0	56,004
Benefit of residents	0	213,031	0	282,252
Total Disbursements	<u>2,990,707</u>	<u>268,046</u>	<u>3,178,440</u>	<u>338,256</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>13,921</u>	<u>(64,629)</u>	<u>(7,412)</u>	<u>61,684</u>
CASH AND CASH EQUIVALENTS, JULY 1	<u>244,586</u>	<u>648,100</u>	<u>251,998</u>	<u>586,416</u>
CASH AND CASH EQUIVALENTS, JUNE 30 \$	<u><u>258,507</u></u>	<u><u>583,471</u></u>	<u><u>244,586</u></u>	<u><u>648,100</u></u>